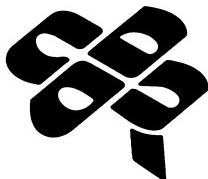


**Co-operative Federation of Victoria Ltd**



# Co-operatives and Public Policy

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Co-operatives cannot avoid the consequences of the public policy process - action and/or inaction, which impact, on the lives of co-operators, co-operatives and their communities. We are confronted by a media, economic and political commentators who in public debate assume and/or assert the desirability and inevitability of businesses controlled by investors. The value of democratically owned and controlled co-operative business is questioned, ignored or opposed.

The Co-operative Federation of Victoria Ltd's most important role is to protect the interests of the co-operative movement and promote the wider application of co-operative values and principles – for the co-operative option to be taken seriously in public policy debate. Co-operatives are a people-centered and sustainable form of organisation which work for present and future generations based on equality and mutuality and involving all sections of society.

### **Politically Neutral and Involved**

Co-operatives are politically neutral but do not exist in a political vacuum and cannot, therefore, avoid involvement in politics and having views on political issues.

Historically, the co-operative movement in Australia has continued to assert and maintain political independence - distancing itself from government and political parties. This independence does not preclude co-operatives from working with and entering into joint projects with government and, indeed, private sector firms.

Membership of co-operatives is not based on the political beliefs of individuals. Co-operative membership is open and voluntary. The members of co-operatives may as individuals belong to and participate in political parties. In this way, co-operative membership transcends traditional ideology.

### **Co-operative Values and Principles**

Co-operatives throughout Australia generally operate under the values and principles formulated by the International Co-operative Alliance. The most recent formulation was a statement of identity in 1995 and includes:

- Definition
- Values
- Principles

**Definition** A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

**Values** Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

## **Co-operative Principles.**

- **Voluntary and Open Membership** – Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.
- **Democratic Member Control** – Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives, members have equal voting rights (one member, one vote) and co-operatives at other levels are organized in a democratic manner.
- **Member Economic Participation** – Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.
- **Autonomy and Independence** – Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.
- **Education, Training and Information** – Co-operatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their co-operatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of co-operation.
- **Co-operation among Co-operatives** – Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.
- **Concern for Community** – While focusing on member needs, co-operatives work for the sustainable development of their communities through policies accepted by their members.

The principles are both essential and practical and have been developed from generations of experience. The principles are empowering frameworks – interdependent guidelines for co-operatives and co-operators for judging behavior and for making decisions.

## **Sustainable Human Development**

In a report to the General Assembly of the United Nations in 1994 the Secretary-General concluded that “co-operative enterprises provide the organizational means whereby a significant proportion of humanity is able to take into its own hands the tasks of creating productive employment, overcoming poverty, and achieving social integration.”

In 1995 the International Co-operative Alliance endorsed a statement on Co-operatives and Sustainable Human Development which stated, *inter alia*: “The relevance of co-operatives to Sustainable Development is apparent – and even more so when one considers the concept of Sustainable Human Development. As organisations of people, co-operatives are designed to help their members meet their economic and social needs and aspirations. As democratic and par-

ticipatory organisations, they encourage equity and equality. As economic entities, they provide their members with commercial services. As locally-rooted institutions, they reflect their communities' concerns with social justice and the environment."

### **Co-operative Agenda**

The co-operative values and principles provide the framework for defining the role of and the relationship of co-operatives to public policy.

The co-operative movement has an obligation to identify and defend legitimate political interests - a co-operative agenda, which is unique to the co-operative movement. We need to establish a coherent and clear co-operative agenda, which is our own - and publicly recognised as a co-operative agenda. The essence of this agenda is:

- co-operative values and principles
- co-operative legislation
- co-operative option in public policy
- co-operative education

**Co-operative values and principles.** Fundamental to this is public recognition of the existence of co-operative values and principles and that they have practical consequences for co-operatives as guidelines for co-operative practice. It is the values and principles of co-operation that distinguish co-operatives from private and public enterprises. Government should acknowledge the independence and autonomy of co-operatives and the need to avoid direct or indirect intervention in the internal affairs of co-operatives.

**Co-operative Legislation** Victoria has had co-operative legislation since 1953 and this is centrally important to the co-operative movement. After more than 10 years, in 1996 the Co-operative Federation of Victoria Ltd succeeded in working with the Victorian Government in securing the passage of new co-operative legislation with bipartisan support. The Co-operatives Act 1996 removed many of the paternalistic and restrictive provisions of the previous legislation. The new legislation came into force on 1 October 1997. In the UK, for instance, there is no separate co-operative legislation with a legal definition of a co-operative within the law and in 1997 the U.K. Co-operative Council presented a draft Co-operatives Bill to the Government.

**Co-operative option in public policy.** Public policy development and administration should acknowledge the unique role of co-operatives. Administrative practices impacting on co-operatives should be consistent with co-operative legislation and public policies and administrative practices should be reviewed to ensure their impact on co-operatives is positive. Public policy and administrative practices should ensure that co-operatives have equal access with other enterprises and organisations to public funds. Public policy development should include regular and full participation with the co-operative movement. In 1997 the co-operative movement in Queensland led a campaign to defeat a Commonwealth Government budget plan to remove benefits accruing to co-

operatives under Section 120 (1) (c) of the Tax Act yet maintain dividend imputation and low cost equity borrowings for large multi-national and national companies.

**Co-operative education.** The government should commit itself to support co-operative education provision at the primary, secondary and tertiary levels. A positive environment should also support co-operative initiatives in the education sector - schools could be converted into or be established as co-operatives, schools could form co-operatives to share services and student co-operatives could be formed.

### **Advocacy and Education**

The co-operative movement has an obligation to advocate for and educate about the co-operative option. This is why the Co-operative Federation of Victoria Ltd has established a Co-operative Opportunities Project which aims to encourage individuals and their communities to explore co-operative options. The Project has generated a series of discussion papers which identify opportunities for existing and new co-operatives. Four discussion papers have been completed on:

- Electric co-operatives
- Forestry co-operatives
- Health co-operatives
- Local Government Restructuring and co-operatives

In health care, for instance, five co-operative models have been identified - primary health care, community hospital, health services and products purchasing co-operative and a health insurance co-operative. In local government it is argued that a significant range of local government services could be undertaken by co-operatives e.g.

road and footpath maintenance, rubbish collection and street cleaning, management of leisure and sports facilities, libraries and community care

In Electricity Industry Restructuring five business opportunities are identified – new or existing co-operatives retailing electricity, new or existing co-operatives purchasing electricity, generation co-operatives, promoting energy efficiency and ‘green energy’ and purchasing a part or full share in a distribution company. In Forestry Co-operatives four business opportunities were identified involving new forestry co-operatives, existing agricultural and rural co-operatives, strategic alliances with regional credit unions and joint ventures involving forestry co-operatives.

### **Co-operative Onus**

The role of co-operatives in public policy debate ultimately depends on the movement itself:

- Strengthening the understanding and commitment of their members to co-operative philosophy and principles.
- Articulating the co-operative difference and advantage - that co-operatives have unique characteristics which are clearly distinguishable from the private and public sectors.

- Achieving an economically viable business practice that is consistent with co-operative philosophy and principles.
- Co-operating with other co-operatives in the development of co-operation and the community.
- Actively contributing to public policy debate on the co-operative option.

### ***Conclusion***

Co-operation is about community development – through co-operatives individuals and their communities are empowered to affect their social and economic conditions through mutual action.

Co-operatives are a form of community development and are, therefore, central to the community development process. The co-operative option and opportunity, therefore, is relevant to all public policy debates and decisions.

The Co-operative Federation of Victoria Ltd has a continuing leadership role in seeking the opportunity to expound and explain the co-operative option in the public policy debate.